



هيئة الأسواق المالية  
CAPITAL MARKETS AUTHORITY

# CAPITAL MARKETS AUTHORITY

2018  
ANNUAL  
REPORT









## THE CHAIRMAN'S MESSAGE



It pleases me to present to you, for the sixth consecutive year, the Capital Markets Authority 2018 annual report summarizing what has been achieved throughout the year at the local, regional and international levels.

At the local level, the Capital Markets Authority had introduced significant developments of great value to the financial sector, specifically in addressing the challenges that our economy is facing.

In this regard, the CMA issued in December 2018 the Request for Proposal to launch the Electronic Trading Platform (ETP), which we expect to be operational in the first quarter of the year 2020. The ETP has many objectives; it addresses the requirements of financial markets in tackling increasing challenges, and provides low-cost financing to Lebanese corporations through the introduction of new securities in Lebanon, currently not allowed on the Beirut Stock Exchange. Such developments will contribute to the development of the capital markets and the rise in trading activity and market depth, which would result in the creation of additional liquidity. These factors combined will provide the Lebanese, foreign investors and Diaspora with the ability to trade in an advanced market based upon international standards.

In the effort to create balance between the banking sector and the capital markets in terms of the ability to finance SMEs, and hence the economy, the ETP will contribute to securing additional sources of financing for productive sectors in Lebanon. It will also support companies by allowing for their capitalization either through Initial Public Offerings (IPOs), or through the securitization of their revenues, as well as the

possibility of converting part of their debt into equities, thereby reducing the overall private sector debt.

At the regulatory level, the Capital Markets Authority pursued its efforts to supervise the capital markets to ensure their development within the set regulatory framework. With the publishing of the new implementing regulation on Collective Investment Schemes Series 8000, we look forward to the establishment of funds that will help channel investments into major economic sectors, including real estate. As such, real estate funds will be traded on the secondary market, allowing for increased liquidity and growth in the sector.

At the Arab level, Lebanon, represented by the Capital Markets Authority was appointed President of the Union of Arab Securities Authorities in 2018. As President of the Union, the CMA focused on implementing the UASA Strategic Plan 2016-2020.

During the period of our presidency of UASA in 2018, the Lebanese Capital Markets Authority, in cooperation with its Arab counterparts, has had several accomplishments in various areas related to risk and cyber-crime. An excellent effort was directed towards strengthening the financial infrastructure in Arab markets, as well as ensuring that international principles are applied in all jurisdictions. The focus was also on topics that are of interest to regional regulators, such as the issuing of general rules related to IPOs, listing rules, disclosure requirements and enhanced methods to detect insider trading.

In February 2019, the Capital Markets Authority hosted the 14th International Conference of

the World Exchange Congress, an international platform that brought together representatives of major international exchanges, and specialists in digital technology to discuss the latest global trends in financial markets. More than 60 countries were present in Beirut to learn more about the recent advancements in global capital markets. Hosting the international event in Lebanon, and by the CMA, is a major recognition of the developments that underpinned the Lebanese Capital markets and a clear message of confidence in Lebanon's financial markets.

In conclusion, I would like to thank all CMA staff for their concerted efforts and active role in light of the daily challenges facing the Lebanese economy and emerging markets internationally. I have utmost confidence that the advances accomplished by the CMA provide a strong and fair basis for better investor protection in Lebanon. This is the foundation to improve the performance and development of the capital markets in Lebanon.

**Riad Toufic Salame**  
Chairman of the Capital Markets Authority  
Governor of Banque du Liban

## MISSION & VISION

### Vision

Establishing Confidence in the Lebanese Capital Markets by enhancing their integrity and maintaining their attractiveness to investors by developing the local markets to better serve the national economy.

### Mission

The CMA ensures the protection of savings invested in Financial Instruments, encourages the capital markets in Lebanon, and coordinates between the various concerned sectors. For this purpose, the CMA shall perform all functions and activities entrusted to it, including but not limited to:

- Reducing Systematic Risk in Capital Markets
- Protecting the investor by providing a fair and transparent investment environment
- To organize and define the framework and professional activities carried out by Persons who engage in business related to financial instruments and ensure their adherence to the code of ethics.
- Raise Investor Awareness in Lebanon and increase their knowledge on capital markets.
- Protect the investor and aim to increase the use of capital markets by investors in Lebanon and abroad.
- Developing the Capital Markets through continuous communication with all stakeholders in all productive sectors.
- Regulate and Monitor the financial markets in order to ensure its expansion in line with the changes and the best local and international standards.





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A blurred, high-angle photograph of a crowd of people walking through a modern, brightly lit interior space, likely a shopping mall or office lobby. The people are out of focus, creating a sense of motion and a busy atmosphere. The lighting is bright and even, highlighting the architectural details of the space.

# CHAPTER 1

**THE CAPITAL  
MARKETS  
AUTHORITY**



# Chapter 1

## The Capital Markets Authority

### The Capital Markets Law and the CMA’s Main Goals

The Capital Markets Law No. 161 was ratified by the Lebanese Parliament on 2011/8/17. It stipulated the establishment of the Capital Markets Authority, «CMA». The CMA is deemed a legal entity of public law, with administrative and financial autonomy. The CMA is neither subject to the administrative and operational management rules that govern public sector institutions nor to their control procedures.

The CMA aims to achieve two main goals: promote and develop the financial markets in coordination with the various sectors concerned, and protect private savings invested in financial instruments. In this context, the law defines the mechanism for the regulation and promotion of financial markets in the effort to eliminate systemic risk through promoting a culture of absolute transparency in the sector that will ensure the safeguarding of investor savings in capital markets. Furthermore, Law 161 states that the mechanism for regulating and developing capital markets including licensing of new exchanges that contribute to the creation of the liquidity required to activate the Lebanese capital markets.

The vision around which the work of the Authority revolves is based on the importance of establishing trust in the Lebanese capital markets by means of reinforcing their safety and preserving their attractiveness so they could be developed and serve the Lebanese economy.

Indeed, the development of the financial markets has direct bearing on the increase of the growth rate in the economy, which reflects positively on the capital movement and the unemployment rate, in view of the ability to find long term funding sources for the private sector, and to guide public savings in the economy towards appropriate investments. Accordingly, the law sets a mechanism to ensure accountability and enforces disciplinary action against any party found in breach of the provisions thereof through the legal frameworks it provides. Such mechanisms are duly reflected in the core functions designated to the Independent Sanctions Committee and the Capital Markets Court of Law that still require establishment through appointments conducted at the level of the Lebanese cabinet as proposed in the Capital Markets Law No. 161.

Moreover, Law No. 161 also allows the Authority to express its opinion on all matters relating to the capital markets, including but not limited to, draft laws and decrees relating to the operations and development of those markets in Lebanon. Also, and in the same regard, the Law allows the Authority to oversee the regulations and activities of licensed stock exchanges in Lebanon, especially in light of formulating new policies that may have an impact on the performance of the capital markets and the ability to attract investors.

“ The CMA is deemed a legal entity of public law, with administrative and financial autonomy. The CMA is neither subject to the administrative and operational management rules that govern public sector institutions nor to their control procedures. ”

### CMA Board

The Capital Market Authority is administered by a Board composed of seven members and chaired by the Governor of Banque du Liban. The Board includes three full time members, experts in Banking, Capital Markets and Financial Affairs, and three part time members representing ministries and administrations directly involved in the operations of the CMA. These are the Director General of the Ministry of Finance, the Director General of the Ministry of Economy and the Head of the Banking Control Commission.

#### The Capital Markets Authority Board is composed of:

Riad Salamé	Governor of Banque Du Liban	Chairman	Alternate Chairman; First Vice Governor of the Banque du Liban, Mr. Raed Charafeddine in 2018
Firas Safieddine	Expert in Capital Markets	Vice Chairman	Vice Chairman of the CMA in 2018
Sami Saliba	Expert in Banking Affairs	Executive Board Member	
Fadi Fakh	Expert in Financial Affairs	Executive Board Member	
Alain Bifani	Director General of the Ministry of Finance	Board Member	
Alia Abbas	Director General of the Ministry of Economy	Board Member	
Samir Hammoud	Chairman of the Banking Control Commission	Board Member	

## Core Functions of the CMA

### Investor Protection and Organization of Professional Activities

- Protecting investors from illegal, irregular or unfair practices, including the prohibition of direct or indirect insider trading.
- Organizing the disclosure of information to persons who distribute Financial Instruments to the public.
- Setting the work environment and organizing the professional activities of the persons who perform operations on Financial Instruments, while monitoring their compliance with professional ethics.

### Organizing Capital Markets and Reducing Systemic Risks

- Organizing and developing capital markets in Lebanon, and promoting their use by investors and Issuers in Lebanon and abroad.
- Reducing systemic risks in capital markets.

### Licensing

- Granting licenses to brokers who provide services to investors and Issuers.
- Granting licenses to financial rating agencies, and defining and regulating their functions and work process.
- Licensing collective investment schemes, including mutual funds that invest in securitization.

### Organize and Control the Work of the Stock Exchanges

- Regulating and controlling the work of licensed Stock Exchanges, and the persons who provide deposit, clearing or settlement service.
- Setting the general regulatory framework for listing Financial Instruments and approving their trading on stock markets.

### Legal Control and Accountability

- Sanctioning administrative violations of Law 161 and its implementation rules.







# CHAPTER 2

**CMA Main Activities  
in 2018**



## Chapter 2

# CMA Main Activities in 2018

Since its establishment in 2011, the Capital Markets Authority has taken on the task of maintaining the stability of the Lebanese Capital Markets in spite of regional and international challenges. The Authority has pursued its efforts in developing the capital markets in the interest of supporting economic growth and reviving the national economy.

The CMA strives to achieve the highest levels of regulatory and supervisory control in the market, creating a safe investment environment based on the principles of fairness, transparency and integrity by adopting international best practices. As an associate member of the International Organization of Securities Commissions (IOSCO) since 2016, the CMA has continuously endeavored to strengthen its regulatory and supervisory capabilities, share expertise and implement a strategy for the development of capital markets in Lebanon through a roadmap established in collaboration with the World Bank.

In this regard, the CMA has signed several memoranda of understanding (MOUs) with a number of international regulatory entities and

institutions in order to establish mechanisms for joint technical assistance and cooperation to enhance securities activities in Lebanon. In its efforts to regulate the market in line with best practices, and in order to ensure investor protection and to limit illegal practices in the capital markets, the CMA has issued a number of implementing regulations based on international standards. These implementing regulations are considered the main foundation of capital markets regulations in Lebanon.

Moreover, and as part of the ongoing cooperation between the CMA and the U.S. Securities and Exchange Commission (SEC), the CMA organized and hosted a workshop in collaboration with SEC staff and experts that focused on building the technical capacities of CMA, in an effort to ensure the efficient exchange of knowledge and expertise.

In this context, the CMA had also collaborated with the U.S. Commodity Futures Trading Commission (CFTC) to establish a cooperation mechanism in order to launch and develop the derivatives and futures markets and other financial instruments,

especially as the CMA nears the final stages of licensing and launching the Electronic Trading Platform.

Building on its determination to protect investors and educate them, and as an associate member of IOSCO, the CMA had joined the global initiative to promote Investor Education and Protection by participating in the IOSCO “World Investor Week” Global Campaign in October 2018. The CMA had launched a nation-wide social media awareness campaign that highlighted how CMA regulations aim to protect Lebanese investors and their savings in financial securities. The campaign was introduced at the World Investor Week conference held in October 2018 under the patronage of the Chairman of the CMA and in collaboration with Institute for Finance and Governance (IFG) at the Ecole Supérieure Des Affaires.

As market development constitutes one of the main pillars of CMA’s mandate, a World Bank team visited the new CMA premises in Hamra to follow up on issuing the final recommendations for the official market development strategy, after a “Blue Print Document on Market Development”

was issued in coordination with the World Bank in March 2017. The World Bank team overseeing the developments, held several meetings with key personnel at the CMA, Banque du Liban, Kafalat, Midclear and private sector financial institutions. Internationally, the CMA represented by H.E. Chairman Riad Salamé was nominated President of the Union of Arab Securities Authorities (UASA) for the year 2018-2019. This achievement was a consequence of the proactive participation of the CMA within the Union of Arab Securities Authorities, especially as Lebanon represented by CMA was chairing the UASA committee to establish a five-year strategic plan 2016-2020 for Arab Capital Markets.

Finally, the Capital Markets Authority announced at the World Exchange Congress 2018 in Muscat, Oman, that CMA will be hosting the 14th Annual World Exchange Congress 2019 in Beirut, Lebanon.



**Launching the Request for Proposal for the Electronic Trading Platform**

As per Article 56 of the Capital Markets Law No. 161, the Lebanese Council of Ministers is required to convert “Beirut Stock Exchange” to “Beirut Stock Exchange SAL” as a joint stock company, within one year of the appointment of the CMA Board. Accordingly, the new established Beirut Stock Exchange SAL company will be subject to privatization, through a public or private offering, within one year of its establishment.

After surpassing the aforementioned milestones in the Capital Markets Law No. 161, and after the issuance of Decree No. 1404 dated 9/8/2017, which announced the required procedures to establish a Lebanese company under the name of “Beirut Stock Exchange SAL”, the privatization process of the BSE did not see any development.

Therefore, and due to the high private sector debt in Lebanon, which has slightly exceeded the GDP, and given the growing demand for low cost financing from capital markets, the Chairman of the Capital Markets Authority announced the launch of the Electronic Trading ETP Platform project after the CMA has finalized all required preparations. The ETP aims to secure liquidity and attract funds from local and international investors that contribute to the growth of private sector institutions in Lebanon. In this regard, the CMA aims to activate the role of capital markets in the capitalization of commercial companies rather than their excessive reliance on short term financing in the form of loans, in an effort to reduce the cost of capital for local companies.

On December 5, 2018, the Capital Markets Authority officially launched the bidding process for the Request for Proposal to license the Electronic Trading Platform.

**At the Regulatory and Supervisory Levels**

In an effort to launch the project to establish an Electronic Trading Platform in Lebanon, the Capital Markets Authority Board Members participated in a number of meetings held by various international organizations that assisted in preparing the regulatory and business foundations essential to launch an ETP of international standing. Upon the several meetings held with experts from SME focused Stock Exchanges, such as “AIM” platform at the London Stock Exchange, the CMA had managed to assess the mechanisms and procedures required for the smooth launch of the Electronic Trading Platform. Thus, building on international experience to provide Lebanese companies with the required support and enable them to be part of the effort to develop the capital markets in Lebanon.

SME corporations have always been the leading force in the private sector and hence the Lebanese Economy. Recognizing their importance and potential in spearheading change in the capital markets, the CMA had been a supporter of the “ELITE” program introduced by the YAFI Group, in cooperation with ESA in Lebanon. The program that had been implemented in more than 42 countries worldwide, aims to help local companies develop and improve their governance and management structures in preparation for listing their shares on a stock exchange. Lebanon is the first country in the Middle East to formally adopt this program through the support of the securities regulator; the Capital Markets Authority.

**Implementing Regulations Issued by CMA in 2018**

The CMA has launched the “Collective Investment Schemes Series 8000” implementing regulation. This regulation aims to regulate the establishment, approval, offering and management of collective investment schemes and associated activities in Lebanon and to establish requirements governing CIS managers, CIS custodians and approved institutions.

**Brief Regarding the Implementing Regulations Launched by the Authority in 2016, 2017 and 2018**

**Business Conduct Regulation**

Series 3000,  
November 2016

This regulation aims to establish the rules and code of conduct that an approved institution must comply with in carrying out securities business and dealing with clients. It also defines the policies and procedures, systems and controls that an approved institution must establish and implement. The regulation also sets out the rules for approved institutions on how to handle client money and client assets, while it sets the requirements to notify or report certain changes and events to the Capital Markets Authority.

**Market Conduct Regulation**

Series 4000,  
November 2016

This regulation aims to regulate the conduct of trading in the securities markets, and set out the details of the prohibitions on insider trading and the prohibitions on market manipulation. The regulation also aims to cover the obligations of approved institutions when trading in the markets, as principal and for clients.

**Licensing & Registration Regulation**

Series 2000,  
January 2017

This regulation aims to identify the different categories of licenses required to carry out securities related business in Lebanon, identify exclusions from the requirements, and set the requirements for licensing institutions and registering individuals as registered persons. It also sets the conditions for the maintenance of a license or a registration, and established the procedures of applications, approvals, changes and termination of a license or registration.



Offers of Securities Regulation

Series 6000,  
August 2017

This regulation aims to outline the requirements related to offers of securities in Lebanon and determine the types of offers that are exempted from the imposed requirements on the public offer as well as set the requirements for an exempted offer of securities

Listing Rules

Series 7000,  
Draft not officially published

This regulation aims to outline the necessary requirements for the issuer to list financial instruments in Lebanon and determines the requirements for maintaining this listing and sound foundations for corporate governance by the listed issuers.

Collective Investments Scheme Regulation

Series 8000,

This regulation comprises the establishment and operation of Collective Investments Schemes including Islamic Investments Scheme in Lebanon according to Law 706 but excludes the use of Collective Investments Scheme for the purpose of securitization according to Law 705 as it is a separate Law simply using the form of a common fund for other purposes.

This regulation aims to regulate the process of setting, licensing, suggesting and managing collective investments scheme and its complementary activities in Lebanon, and determining the work requirements adopted by the managers, the depositaries and the accredited agents.



At the regulatory level, the Authority had continued its efforts to unify the decisions issued by the CMA Board in order for them to be in accordance with the implementing regulations that had been subsequently issued since 2015. Therefore, and with the finalization of the regulatory unification process, all securities business activities would have a legal reference among one of the six regulations issued by the CMA.

Decision Number	Decision Title
26	A list of the names of the duly registered Financial Intermediation Institutions
28	De-Listing of First Capital & Trust S.A.L. from the List of Financial Intermediation Institutions

The CMA Board issued special announcements regarding listing and delisting institutions from the list of financial intermediation institutions.

Licensed Financial Intermediation Institutions	Delisted Financial Intermediation Institutions
RM Private Wealth Management S.A.L.	Berytus Capital S.A.L.
Capital EE S.A.L.	Aksys Capital S.A.L.
Amana Capital S.A.L.	First Capital & Trust S.A.L.

Pursuant to the decision to unify the regulations, in 2018, the Board of the Authority issued twenty-two (22) announcements, in which a number of previous decisions were canceled, in addition to the amendment of the implementing regulations on Offers of Securities, Business Conduct and the Licensing and Registration Series.

In reference to Announcement No. 30, the CMA Board banned Approved institutions from issuing, marketing and trading in cryptocurrencies (electronic money), and warned the public against the purchase, possession and use of electronic money due to the risks that may result from dealing with it.

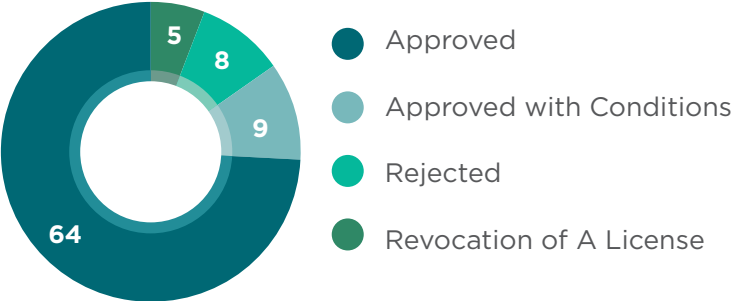
Announcement number 35 added the “Internal Audit Officer” function to the registrable functions registered with the Capital Markets Authority upon the successful completion of the relevant qualification examinations, which are as per the licensing and registration Series 2000: The Securities Exam, Business Conduct Exam and Derivatives Exam.

Accordingly, the CMA Board issued Decision No. 26 that publishes the list of Financial Intermediation companies licensed by the Capital Markets Authority. Furthermore, the CMA Board issued Decision No. 28 that delisted “First Capital & Trust S.A.L.” from the list of Financial Intermediation institutions.

The “Internal Audit Officer” is the person responsible for monitoring the adequacy and effectiveness of the systems and controls of the Approved Institution, and for evaluating the internal controls, risk management policies and procedures, and reviewing the financial statements and the records of the Approved Institution.

Registered Persons in 2018

In accordance with the Licensing and Registration implementing regulation Series 2000, which establishes the categories of registered functions required to carry on securities business in Lebanon, and the categories of registration required by Persons to carry out designated functions and activities on behalf of an Approved Institution, the number of persons officially registered at the CMA increased to sixty four (64) Registered Persons in 2018. In addition, nine (9) applicants received conditional approvals, eight (8) applications were rejected as well as five (5) Registered Persons have had their registration revoked in 2018.



Announcement	Date	Subject	Content
24	12/3/2018	Amendment to the Implementing Regulation Business Conduct Series 3000 and the Cancellation of Decision No. 12 dated 10 February 2014 (relating to the Regulations on Financial Derivative Transactions) and Decision No. 23 of 12 January 2017 (relating to the Account Segregation and Custody Services), Decision No. 17 of 9 March 2015 (relating to the “KYC” (Know Your Customer) model), Decision No. 18 of 31 August 2015 (relating to the Auditors) and Decision No. 20 of 22 February 2016 (relating to the Filing a Complaint)	<ul style="list-style-type: none"><li>• Addition of paragraph 3 to Article 3308 relating to the prohibition of mandate over client accounts</li><li>• Cancellation of paragraph 2 of Article 3317 relating to the transmission of reports to clients and addition of paragraph 3 to Article 3521 relating to the clients’ accounts statements</li><li>• Amendment of paragraph 1 of Article 3208 relating to Anti-Money Laundering and of paragraph 1 of Article 3306 relating to Anti-Money Laundering and Terrorism Financing</li><li>• Cancellation of the Capital Markets Authority’s Decisions number 12, 17, 18, 20 and 23 after making amendments to the Business Conduct Regulation Series 3000</li><li>• Cancellation of some Articles of the Capital Markets Authority’s Decisions number 10 after making amendments to the Business Conduct Regulation Series 3000</li></ul>
27	23/1/2018	Amendment of the Implementing Regulation Offer of Securities Series 6000 and the cancellation of Decision No. 13 dated 10 February 2014 relating to Asset Securitization	<ul style="list-style-type: none"><li>• Addition of Article 6401 relating to the conditions of approval by the Board of the Capital Markets Authority on the establishment of an asset securitization fund including financial property</li><li>• Addition of Article 6402 relating to the compliance of the fund with the applicable laws and regulations</li><li>• Addition of Part “F” relating to the enforcement of the provisions of this Regulation</li><li>• Amendment of paragraph (1,3) of Part B of Annex 2 relating to the signature of the prospectus</li><li>• Amendment of paragraph (3,5) of Part “F” of Annex 2 relating to the total remuneration and benefits paid to each category of key persons</li><li>• Amendment of Annex 3 relating to the signature of the “Declaration by the Directors of the Issuer”</li><li>• Cancellation of Capital Markets Authority’s Decision number 13</li></ul>

Announcement	Date	Subject	Content
29	20/2/2018	Amendment of the Implementing Regulation Licensing & Registration Series 2000 and the cancellation of Decision No. 10 dated 9 January 2014 (relating to the Financial Intermediation Institutions), Decision No. 7 dated 3 December 2013 (relating to the Licensing Documents)	<ul style="list-style-type: none"><li>• Addition of paragraph 2 to Article 2103 to determine the operations which financial intermediation institutions are prohibited from undertaking</li><li>• Addition of paragraphs to Article 2204 to determine the type of shares of financial intermediation institutions and the conditions of their transfer</li><li>• Addition of paragraphs to Article 2103 relating the minimum capital that should be allocated to the activities of approved institutions and their branches</li><li>• Addition of a paragraph to Article 2206 so that Article 127 of the Code of Money and Credit applies to approved institutions</li><li>• Amendment of the table attached to Annex 5 relating to the required examinations</li><li>• Amendment of paragraph 1 of Article 2501 to set a deadline for submission of the required certificates</li><li>• Cancellation of the Capital Markets Authority’s decisions number 7 and 10</li></ul>
30	12/2/2018	Related to Cryptocurrency & Electronic Money	Prohibiting Approved institutions from issuing, marketing and trading electronic money and warning to the public against the purchase, acquisition and use of electronic money given the risks resulting from trading thereof
31	12/2/2018	Amendment of Announcement 28 dating 14 December 2017 related to Financial Intermediation Institutions	Setting a deadline for Financial Intermediation Institutions to submit certain documents to complete their files at the Capital Markets Authority
32	29/3/2018	Amendment of the Implementing Regulation Offer of Securities Series 6000	Amendment of Article 6202 related to the requirements for public offers so as to indicate that non-tradable deposit certificates do not require the Capital Markets Authority’s approval
33	29/3/2018	Amendment to the Implementing Regulation Business Conduct Series 3000	Addition of Article 3303 related to the means of communication of with the customer to receive orders and instructions related to trading operations
34	29/5/2018	Amendment to the Implementing Regulation Business Conduct Series 3000	Amendment of paragraph (3) of Article 3308 to authorize approved institutions to execute the orders given by their clients after obtaining a mandate on their behalf
35	29/5/2018	Amendment to the Implementing Regulation Licensing and Registration Series 2000	Addition of the “Internal Auditor” function to the registrable functions related to securities business to be registered with the Capital Markets Authority
36	31/5/2018	Directed to Banks, Specialized Banks, Financial Institutions and Financial Intermediary Institutions	Notification of the decisions of the Board of the Capital Markets Authority by email

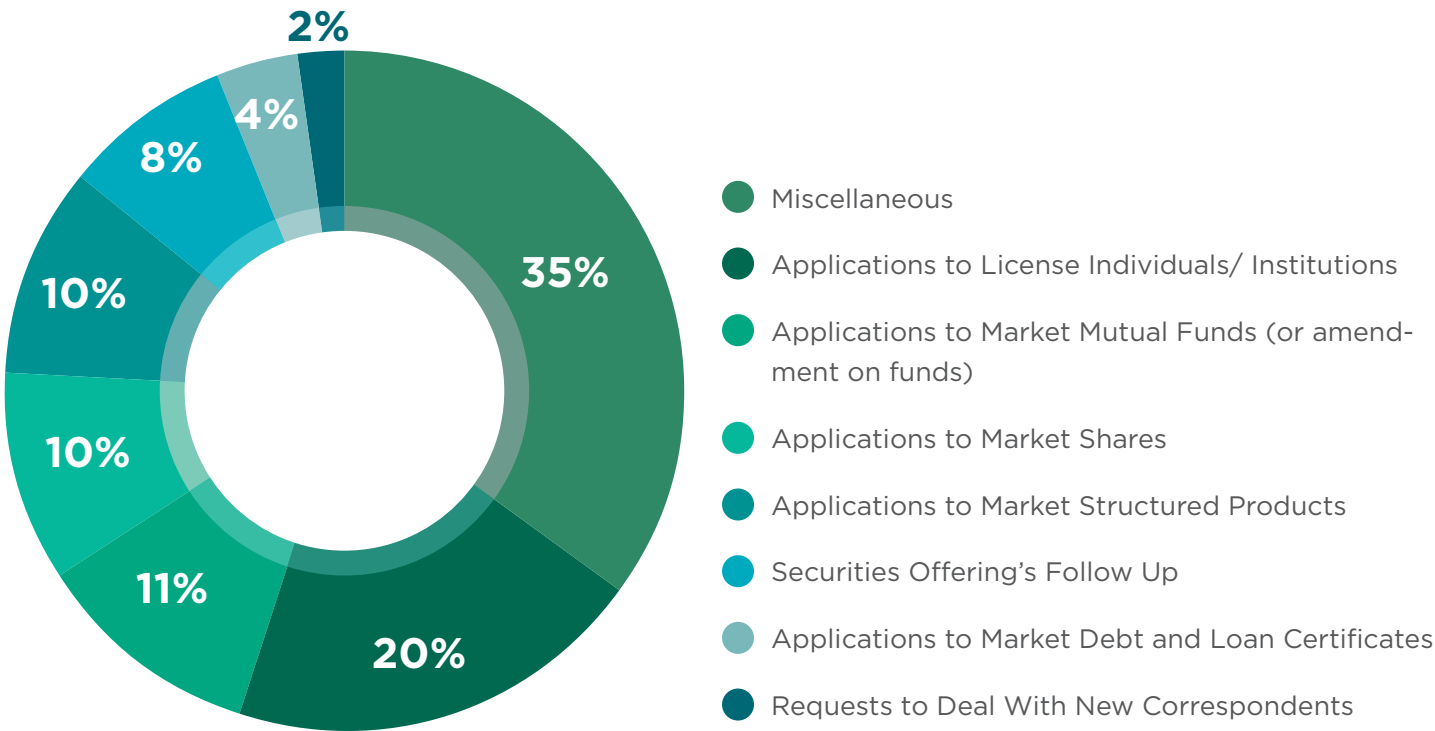




Announcement	Date	Subject	Content
37	26/7/2018	Related to the Reporting of Financial Statements	Requiring all legal entities to comply with the terms of Article 44 of Law 161 dated 17/8/2011 and setting a deadline for them to submit to the Capital Markets Authority their audited financial reports for the year 2017
38	20/6/2018	List of Financial Intermediaries	Listing of "RM Private Wealth Management S.A.L." on the list of financial intermediation institutions
39	20/6/2018	Amendment to the Implementing Regulation Market Conduct Series 4000	Addition of Article 4412 related to the settlement period
40	14/6/2018	Amendment to the Implementing Regulation Business Conduct Series 3000 and Announcement number 34 dated 29 May 2018	Replacement of the number of Article 3308 by the number 3309
41	20/6/2018	Amendment to the Implementing Regulation Licensing and Registration Series 2000	Amendment of paragraph (3) of Article 2501 to set a deadline for Banks and Financial Institutions to submit certain documents to complete their files at the Capital Markets Authority
42	22/6/2018	Directed to Banks, Financial Institutions and Financial Intermediation Institutions	Determining the mid price for calculating the Net Asset Value (NAV) of Open-Ended Collective Investment Schemes
43	7/8/2018	Amendment to the Implementing Regulation Licensing and Registration Series 2000	Amendment of paragraph (2) of Article 2409 to exempt persons who have accumulated between 10 and 15 years of experience related to securities business activities from taking the required examinations under the condition that they attend all the lectures related to said examinations
44	9/10/2018	Listing of "Capital EE S.A.L." on the List of Financial Intermediation Institutions	Listing of "Capital EE S.A.L." on the List of Financial Intermediation Institutions
45	9/10/2018	Listing of "Amana Capital S.A.L." on the List of Financial Intermediation Institutions	Listing of "Amana Capital S.A.L." on the List of Financial Intermediation Institutions
46	9/11/2018	De-Listing of "Berytus Capital S.A.L." from the List of Financial Intermediation Institutions	De-Listing of "Berytus Capital S.A.L." from the List of Financial Intermediation Institutions
47	29/11/2018	De-Listing of "Aksys Capital S.A.L." from the List of Financial Intermediation Institutions	De-Listing of "Aksys Capital S.A.L." from the List of Financial Intermediation Institutions
48	28/12/2018	Amendment of Announcement 41 dating 20 June 2018 and to the Implementing Regulation Licensing and Registration Series 2000	Amendment of paragraph (3) of Article 2501 to extend the deadline for Banks and Financial Institutions to complete their files at the Capital Markets Authority

**At the Supervisory level,** the Financial Control Unit (FCU) conducted fifteen (15) investigations and thirteen (13) audits on Approved Institutions. Furthermore, the FCU conducted four (4) investigation follow-ups and eleven (11) audit follow-ups. The FCU investigations were focused on different issues related to price manipulation, insider trading, deficiency in reporting, cooperation with foreign jurisdiction on internal investigation, investors' complaints and diverse other related files. The unit's findings and recommendations' were forwarded to the CMA Chairman and Board Members for review and decision making. Furthermore, the FCU reviewed one hundred and eighty two (182) applications submitted by Approved Institutions in 2018 (financial institutions, financial intermediation institutions and banks). These applications tackled various aspects including requests to deal with new correspondents, market structured products, market shares, applications to Register Persons dealing in securities business, market debt and loan certificates, market mutual funds. Also other applications were reviewed, such

as but not limited to the suspension of license, compliance/exemptions related to CMA decisions, suggestions for amendments to CMA regulations, and other types of requests. The chart below shows that the greater part of the one hundred and eighty two (182) applications revised by the FCU was related to securities offerings, that represented twenty one (21) applications to market mutual funds (or amendment on funds), nineteen (19) applications to market shares, eighteen (18) applications to market structured products, fourteen Securities Offering's follow up (14) and seven (7) applications to market debt and loan certificates. The FCU received thirty four (34) applications to Register individuals and three (3) applications to License institutions, in addition to three (3) applications to deal with new correspondents, in addition to sixty three (63) Miscellaneous applications such as but not limited to: suspension of license, compliance/exemptions related to CMA Decisions, suggestions for amendments to CMA regulations..etc.





**At the level of the CMA Board**, which holds comprehensive powers aiming at fostering the protection of the investors and promoting investments in capital markets, issued a number of decisions and regulations to improve securities business in Lebanon. The mandate of the CMA Board includes the setting of regulations for the establishment and management of stock exchanges, as well as

regulations concerning the establishment and functioning of financial intermediation institutions and the licensing of financial instruments in Lebanon. The Board also sets the regulations pertaining to the code of conduct followed by Approved Institutions and their employees. According to its above-mentioned responsibilities, the Board held 14 meetings in 2018 and took 313 regulatory and administrative decisions.

Board Meetings		Number of Issued Decisions
January 15 2018		19
February 5 2018		23
March 5 2018		18
March 19 2018		31
April 16 2018		25
May 21 2018		23
June 11 2018		24
July 9 2018		18
July 30 2018		22
August 27 2018		13
Oct 01 2018		24
Nov 05 2018		31
Nov 26 2018		23
Dec 24 2018		19
<b>Total</b>	<b>14</b>	<b>313</b>

In regards to the administrative organization at the Capital Markets Authority, the CMA Board appointed Ms. Nadine Abdel Nour as Secretary General of the Capital Markets Authority on August 1, 2018.

The General Secretariat which was tasked with following up the implementation of the decisions issued by the CMA Board in 2018, succeeded in concluding eighty two percent (82%) of the decisions' requirements as per the following classification:

**Board Decisions issued by CMA in 2018**

Categories	#	%
Implemented Decisions	280	89.46%
Decisions under consideration	6	1.92%
Deferred Decisions	10	3.19%
Decisions that did not exceed deadlines	4	1.28%
Non-implemented decisions (non-cooperating institutions)	0	0.00%
Postponed	3	0.96%
Decisions on hold	9	2.88%
Withdrawn items from the CMA Board	1	0.32%
Total Number of Decisions for 2018	313	100%

**Recipients of CMA Board Decisions in 2018**

	#	%
Institutions	190	60.70%
General Secretariat	45	14.38%
Legal Affairs Department	41	13.10%
Executive Board Members	16	5.11%
Financial Control Unit	9	2.88%
Banking Control Commission of Lebanon	4	1.28%
Human Resources Management and Finance Department	3	0.96%
Information Technology (IT) Department	2	0.64%
Communications and Research Department	1	0.32%
Midclear	1	0.32%
Special Investigation Commission	1	0.32%
	<b>313</b>	<b>100%</b>



At the Administrative Level

As part of the development of the administrative work of the Authority, and the activation of human resource management frameworks, the Human Resources Department worked during 2018 to complete the development of advanced organizational foundations that contribute to the achievement of tasks and functions efficiently, and to achieve sufficient transparency and clarity in the work environment. Thus, the CMA had implemented an advanced organizational tool in cooperation with “Oracle”, which provides efficient methods for team management and employee evaluation.

In this regard, the Information Technology Department and the Human Resources and Finance Department at the CMA cooperated on finalizing the Human Resources project (accounting, performance evaluation, purchasing etc.) which had been approved by the CMA Board and initiated starting mid-2018.

In terms of activating data management of the Authority, the IT department had prepared an RFP document for the XBRL Data Reporting Project that aims to facilitate and standardize the data exchange with a number of stakeholders, mainly those subject to the supervision of the Capital Markets Authority, thereby enhancing reporting compliance and risk management.

On the other hand, in the efforts to protect the Authority’s systems and data, the Information Technology Department continuously develops the security protocols of information systems at the level of the Authority, especially with the growing cyber security threats globally. Such security protocols are in the form of Security Operations Center established in order to detect known and unknown risks that are a threat to information systems. In this regard, threats are constantly identified, controlled and prevented thus eliminating risks that may result from them.

To ensure Business Continuity, the CMA has initiated an action plan headed by the IT department to avoid the interruption of information services in the event of emergency (Disaster Recovery) or the inability to access the authority’s premises, through the adoption of a backup center.

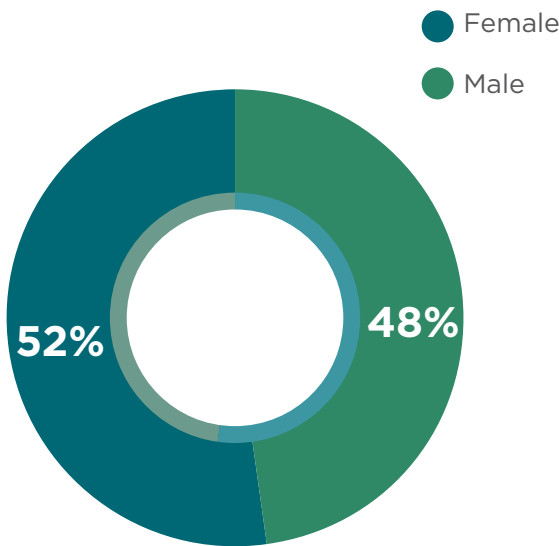
At the staff level

The Human Resources Department coordinated with the Heads of the Administrative Units and Departments at the CMA for the training and development of staff in the effort to enhance their competencies through participating in local, regional and international training courses.

The CMA cooperated for the fifth year in a row with “TAQYIM” and the ESA Business School. The Human Resources Department has recruited the persons who met the conditions specified in the job description, after successfully concluding the required examinations.

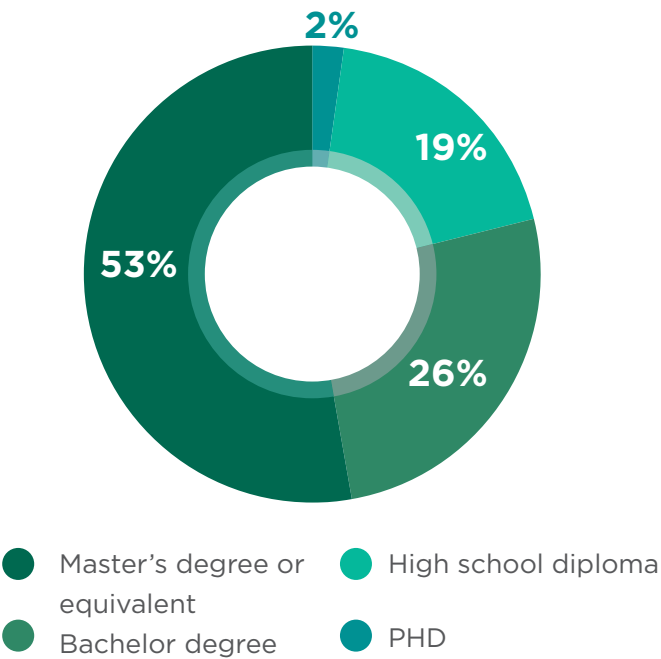
As a firm believer in the equality between women and men, the gender distribution of CMA staff clearly shows equal staffing, with the number of female staff slightly exceeding the male staff in 2018, (unchanged from 2017) as shown in the chart below.

Gender distribution of the CMA staff

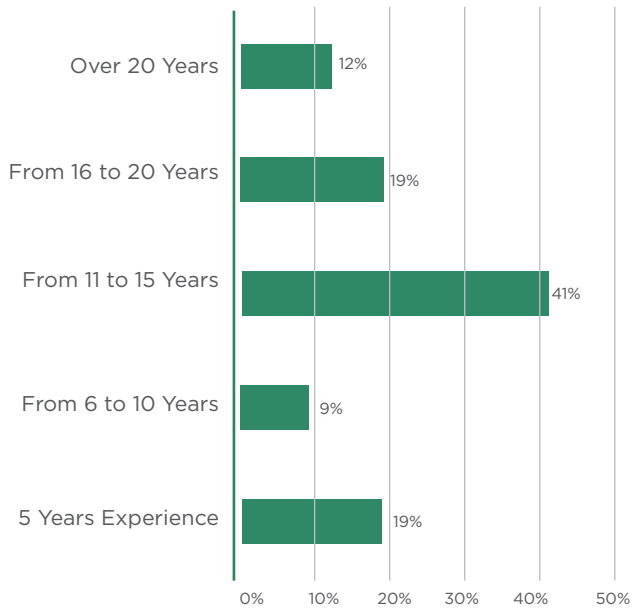


In terms of experience of the CMA staff, the largest proportion is those with extensive experience in capital markets, given that the proportion of employees with experience of eleven years and above constitutes about 72% of the total number of staff; the majority of which are holders of a Master’s degree or an equivalent professional certification.

Academic achievement of the CMA staff



Years of experience of the CMA staff



At the level of CMA Staff Development

The CMA constantly strives to develop its staff, especially in the regulatory and supervisory domain. In this regard, CMA staff participated in several training programs and seminars locally and abroad in order to develop their skills and gain experience and knowledge in issues related to capital markets development, supervision and best practices. The Capital Markets Authority organized a workshop in cooperation with the Securities and Exchange Commission in the United States (SEC) on 26 and 27 February 2018. The training workshop was exclusive to CMA staff and focused on the latest regulatory frameworks in light of the global developments in capital markets and the new areas of risks that regulators are facing in the ever-changing landscape of securities business. Building on the cooperation with the SEC, the CMA also participated in the 28th Annual International Institute for Securities Market Growth and Development on 12 March 2018 in Washington, DC. Representing the Capital Markets Authority, Mr. Ali Fardoun and Mr. Mohamed Akoum, Financial Control Unit staff attended the workshop hosted by the Office of International Affairs at the SEC. The 28th Institute workshops focused on sharing experiences and developing ways to address challenges in securities business globally. The program focused on methods to enhance investor protection and establish the principle of equity and transparency in markets, in addition to focusing on the importance of corporate governance, trading oversight and supervision, and combating money laundering in the financial markets. Mr. Khalil Ghalayni, Head of the Financial Control Unit at the CMA, also participated in the program prepared by the Toronto Centre International Program for Securities Regulators in Canada. In addition, Mrs. Manal Machaka from the Financial Control Unit attended the “Capital Markets: Development and Regulation” seminar organized by the International Law Institute on October 2018 in Washington D.C., USA. Ms. Racha Chehab, FCU staff at the CMA, attended the CFTC U.S. Commodities Futures Trading Commission seminar in October, which discussed

the CFTC legal regime, market trends and analysis of the commodities and derivatives programs, as well as methods used to build successful whistle blower programs and enhancing control and oversight on derivatives markets. CMA Secretary General Ms. Nadine Abdel Nour, participated in a training entitled “Risks in Financial Services” organized by the Union of Arab Securities Authorities held in Doha, Qatar, in September 2018. The training program presented a comprehensive overview of the major risks facing financial services globally, focusing on the most important principles related to the supervision of these risks and the best standards adopted in corporate governance, as well as the best practices used in the assessment, identification, management and reduction of risks. Furthermore, General Secretariat team member Ms. Rola Al-Dana participated in the training program on “Arbitration and Resolution of Disputes in Capital Markets” which was held at the Jordanian Securities Commission in Amman on November 4, 2018. Ms. Romy El-Helou participated in the training program on Supervision and Inspection of Financial Markets in Muscat, Oman on December 10, 2018. Mrs. Nadine Sawma and Ms. Nour Hardan from the Communications and Research Department attended the training program organized by the Union of Arab Securities Authorities on “Financial Derivatives” in Salalah, Oman in July 2018. The program aimed to ensure that participants have knowledge of the regulations and global practices related to financial and commodity derivatives, their underlying markets, trading and the principles of investment strategies. Mr. Alaa Sukarieh, Director of Information Technology Department at the CMA, participated in a training workshop for cyber security professionals. The training workshop highlighted the importance of information security in facing risks and cybercrimes and the ability to investigate and audit them effectively in the event of any violations in the networks related to financial markets, especially in light of the growing importance of cybersecurity and its role in protecting institutions and investors in the financial sector.

Training Title	Hosting Institution	Country	Participating Unit/ Department
28th Annual International Institute for Securities Market Growth and Development	International Institute for Securities Market Growth and Development	United States of America	Financial Control Unit
Toronto International Securities Program	Toronto Centre International Program for Securities Regulators	Canada	Financial Control Unit
Corporate Secretary	Euromoney	United Kingdom	General Secretariat
Financial Derivatives Training	Union of Arab Securities Authority	Oman	Communications and Research Department
Capital Markets: Development and Regulation	The International Law Institute	United States of America	Financial Control Unit
Risk in Financial Services	Qatar Financial Center Regulatory Authority	Qatar	General Secretariat
Developing Capital Markets	Autorité des Marchés Financiers	France	Legal Affairs Department
Strategic IT Security Planning	The SANS Institute	United States of America	Information Technology Department

Public Outreach

As part of its outreach role, the Communications and Research Department (CRD) continued its work in communicating with the public through organizing a number of conferences, seminars and training programs all through 2018. Alongside the organizational efforts that the department is involved in, the Communication and Research department at the CMA engages with the media to update the public on the latest developments at the level of market regulations issued, and development plans initiated by the CMA through the issuance of press releases and following up on coverage in media. On the other hand, the CRD publishes on the CMAs website periodic statistics and analytic reports on the performance of capital markets in Lebanon. In this regard, the CRD issues and updates the CMA Market Value Weighted index, and the Bank Value weighted index on a daily basis. The indices are a main indicator to the performance of the stock market in Lebanon. The CRD prepares in depth analysis reports on the Beirut Stock Exchange, as well as statistical data relating to Collective Investments Schemes and other financial instruments traded and marketed in Lebanon by Approved institutions.

Social Media Awareness Campaign as part of “World Investor Week 2018”

As part of the global initiative to promote Investor Education and Protection, CMA has launched a social media awareness campaign that highlights how its regulations aim to protect Lebanese Investors and their savings in financial securities. This campaign, which was managed by the Communications and Research Department, featured several videos and images published on the CMA’s social media pages for a duration of one month in accordance with the “World Investor Week” program. The awareness campaign aimed to shed light on the basic principles and rules a potential investor should follow before investing in securities. It also provided the audience with tips, advice and checklists that increase investor awareness. The social media campaign introduced in 2018 focused on the topic of “smart investor”, which highlighted the right and proper approach to dealing in securities business, and how investors should ask the right questions, work with approved institutions and registered persons to protect themselves from known risks and fraud attempts, especially in the era of online trading.



The National Social media campaign was based on the following topics, whereby each topic was explored extensively on a weekly basis:

Rules to consider in order to avoid being scammed.	October 2, 2018 - October 5, 2018
Things to consider when being approached for an investment opportunity	October 5, 2018 – October 9, 2018
What to expect from the registered person helping with your investment requests	October 11, 2018- October 15, 2018
What are the Responsibilities of Approved Institutions?	October 15, 2018 – October 17, 2018
Types of investment risk	October 19, 2018- October 23, 2018
Steps to create your investment plan	October 23, 2018- October 24, 2018
What are the types of investment fraud?	October 24, 2018 – October 25, 2018
The role of diversification in decreasing the overall investment risk.	October 25, 2018

An Open Discussion on the Launch of the Electronic Trading Platform

The CMA organized an open-discussion on the Request for Proposal (RFP) for the Electronic Trading Platform in October 2018, months before it was officially launched in December of that year. The meeting that was chaired by the Vice Chairman of the CMA, in the presence of the Director of Legal Affairs Department and the Director of the Communication and Research Department, was attended by institutions interested in the Electronic Trading Platform project such as Lebanese Banks, Financial Institutions and Financial Intermediation Institutions. The participants focused in their discussion with CMA on their views on how best to rollout the ETP in Lebanon and the kind of securities that can be of benefit to the market in Lebanon, noting their keen interest in changing the current market dynamics, and the expected development the platform will be instilling in the Lebanese capital markets.

Lectures on Capital Markets

CMA Board Members participated in various public meetings and seminars that emphasized the role of the Capital Markets Authority and how it contributes to enhancing economic growth. In their discussions, the CMA Board Members informed the public of the expectations of launching the Electronic Trading Platform in Lebanon, which helped raised awareness among the Lebanese people on the importance of CMAs work, its regulatory framework, investor protection procedures and regulations, and the

various market development projects it has been working on since its establishment. Mr. Khalil Ghalayini, Head of the Financial Control Unit at the CMA participated as a speaker at a conference organized by the Institute of Internal Auditors in Lebanon (IIA). The FCU presented to professionals from the auditing industry, an overview on the implementing regulations issued by the Authority, emphasizing the important role of internal auditors as an anchor of regulatory compliance in the financial sector, particularly in ensuring that best international standards required by the Capital Markets Authority are applied in the Lebanese capital markets.

CMA and MEIRA Hold Investor Relations Training Program

As part of the 12th UASA Annual Meetings held in Beirut, the Capital Markets Authority held a one-day training program in collaboration with the Union of Arab Securities Authorities, on the topic of Investor Relations on March 27, 2018. The training was attended by a number of local financial institutions and representatives of listed companies interested in increasing their knowledge and activating the Investor Relations function at their institutions. Mr. Alex McDonald Vitale, Previous Chairman of Middle East Investor Relations Association (MEIRA), discussed with the attendees the importance of developing investor relations programs and its significance in building a more transparent capital markets amidst the challenges the region is facing.

Organizing and Sponsoring Conferences

The Capital Markets Authority has organized and sponsored a number of events in 2018, in an effort to provide a platform for capital markets enthusiasts, stakeholders and experts to exchange their ideas and views on the latest developments and challenges facing the Lebanese Capital Markets. In this regard, the CMA had worked on realizing its pre-set program for the year 2018 which it sought to achieve through the organization and sponsorship of Arab and International conferences in Lebanon. Among the significant events organized in 2018, the CMA hosted the 12th Annual Union of Arab Securities Authorities UASA Meeting for the first time in Beirut, in addition to organizing the “World Investor Week” Conference. And as customary, the CMA also sponsored and supported the organization of the Euromoney Conference held in Beirut during 2018.

12th Annual Union of Arab Securities Authorities UASA Meeting Hosted by the Capital Markets Authority  
March 28, 2018  
Four Seasons Hotel, Beirut

Under the patronage of H.E. Mr. Riad Salamé, Chairman of the Capital Markets Authority and Governor of Banque Du Liban, and as a member of the UASA, the CMA hosted the 12th Annual meeting of the UASA members in Beirut, featuring more than 12 representatives of Arab countries, and senior members of the Lebanese financial industry. During the meetings, Lebanon, represented by CMA Chairman Mr. Riad Salamé was nominated as President of UASA for the year 2018/2019. In his keynote address, CMA Chairman Riad Salame discussed the importance of efficient regulatory coordination amongst top financial regulators in any country, citing the important global lessons that international regulators drew as a result of the financial crisis in 2008. Lebanon, being a country which has a closely related regulatory regime headed by the Central Bank Governor, managed to sway the crisis. Mr. Salamé highlighted the importance of enhanced regional cooperation between Securities regulators, stating that Arab exchanges should consider dual listings on

shares to enhance liquidity in all Arab markets, an achievement that would be beneficial to regional markets. General Secretary of the UASA, Mr. Jalil Tarif, noted the significance of hosting the 12th Annual Meetings whereby a number of strategically important development projects were being planned for the upcoming years at the level of UASA. Mr. Tarif stated that holding the meetings in Beirut, is a clear sign that the Arab community remains a firm believer in Lebanon’s institutions and financial sector. Furthermore, Mr. Saleh Al Sayel, Chairman of the Capital Market Authority of the Republic of Tunisia and previous President of the UASA in 2017/2018, gave an overview summary of the UASA’s activities for the year 2017, sighting the most important developments in Arab and International Capital Markets. Following the opening session of the 12th Annual meeting, a closed session meeting of UASA Board Members was held, whereby the CMA indicated that in accordance with its mission statement and vision, it will ensure the continuous cooperation with Arab capital markets regulators and International counterparts. This cooperation will aim to move forward in the efforts to sign the enhanced eMMoU with IOSCO in order to increase the exchange of information and technical assistance with regional and international capital markets regulators. Such a development will aim to further increase confidence, and allow for an efficient development of transparent capital markets in Lebanon and the region. On the sidelines of the 12th Annual Meetings in Beirut, the CMA organized a panel that had experts discuss a variety of topics considering the regional and global realities such as falling oil prices, increasing unemployment, and low output in regional economies. Top regulators and senior Economists convened in a panel under the title of “Challenges Facing the Development of the Arab Capital Markets”, discussing the development of Arab Capital Markets amidst regional turmoil and economic and political challenges. The panelists represented a wide-spread of professional backgrounds, touched upon the challenges of financing in the Lebanese capital markets due to the low levels of liquidity in trading exchanges, and proposed several suggestions to enhance the sector.

Despite the obstacles that the Lebanese market faces, the speakers agreed that reviving the economy through capital markets initiatives remains an important milestone required for economic reform.

#### **World Investor Week**

October 17, 2018

Ecole Supérieure des Affaires, Beirut

CMA organized the first World Investor Week in Lebanon in cooperation with the “Institute for Finance and Governance” (IFG) at ESA in the presence of specialists from the financial sector. Director of Communications and Research Department at the CMA Mr. Tarek Zebian delivered the welcome note at the World Investor Week event, stressing the importance of collaboration between academia, regulatory institutions and industry experts to better protect and educate investors, in the effort to help nurture ‘smart investors’ a key theme in this year’s World Investor Week global message.

At the opening of the First “World Investor Week” event held by the Capital Markets Authority, Chairman of the CMA Mr. Riad Salamé and Secretary General of the Union of Arab Securities Authorities Mr. Jalil Tarif delivered keynote speeches. Mr. Peter Andrews, Secretary General of IOSCO also delivered a recorded keynote address to the participants of the WIW 2018 held in Beirut, highlighting the important milestones achieved by the CMA in recorded time given its establishment in 2011.

In his keynote address, Chairman Salamé declared that the CMA ensures that any Financial Institution working in securities business should be licensed and approved. Adding that individuals performing registrable functions as stipulated in CMA regulations, should be registered with the CMA in order to ensure a safer environment for the Lebanese investor, in an effort to ensure their protection when dealing in securities business. Chairman Salamé reiterated in his keynote speech that the main role of CMA is to create confidence between the investor and the capital markets; among them firms that are looking to raise capital and expand their operations through capital markets financing. Commenting on the general market conditions in Lebanon, Chairman Salamé

stated that investor support is highly required in Lebanon as it helps expand the investment base and boost exports in productive sectors that help grow the economy.

World Investor Week 2018 was the first event of its kind held in Beirut in collaboration with IOSCO.

#### **Euromoney Lebanon Conference 2018**

June 27, 2018

Phoenicia Hotel, Beirut

With the support of the Capital Markets Authority, the Euromoney Lebanon conference was held at the Phoenicia Hotel in Beirut amid a gathering of entrepreneurs and executives to explore opportunities in the IT sector in Lebanon and the Middle East.

The conference, which focuses on the role of the knowledge economy in activating the economic cycle, hosted more than 350 participants from across the Middle East and the world, including representatives from emerging technology companies, banks, entrepreneurs, investors, regulators, financial institutions and others. Chairman of the Capital Markets Authority Mr. Riad Salamé had a key interview with Euromoney representative Richard Banks, highlighting the latest developments in the Lebanese economy and global emerging markets.

Commenting on the progress of Fintech Sector in Lebanon and its impact on the financial services industry in the Lebanon, Chairman Salamé stated that ‘Fintech’ is primarily intended to serve the consumer in financial transactions at a better price while providing better services, noting that although the technology is currently utilized in Lebanon, it is subject to certain restrictions because of compliance requirements.

CMA Chairman and Governor of Banque Du Liban, also announced that the Central Bank is developing a digital currency which will be under its regulatory authority. This currency, according to Mr. Salamé, will be cheaper for consumers and more profitable for banks especially that the issuance of this currency will increase the tools available for local Payment Systems, The digital currency will be solely used in Lebanon.

### **Cooperation with Local and International Regulatory Bodies**

#### **World Bank holds ‘Market Development’ Meetings with CMA and Stakeholders**

November 15, 2018

The World Bank staff working alongside CMA on the “Market Development Plan” blue print document launched in March 2017 initiated their visit to Lebanon by meeting with Members of the CMA Board, staff, and key figures at Banque Du Liban.

The ‘Market Development Plan’ had set the road map for the development of the Lebanese capital markets and provided an overview assessment of the challenges that could be mitigated on the short term in order to facilitate SME involvement in capital markets, and promote economic growth. The World Bank team visited Lebanon for a seven-day period whereby they had the chance to meet with key personnel from the Lebanese Private Sector, including Kafalat, Midclear and private sector financial institutions.

#### **CMA Appointed President of IFREFI at the 17th Annual Institute for Financial Regulation Meeting in Bucharest**

June 26, 2018

Bucharest, Romania

The Capital Markets Authority attended the 17th Annual Institute for Financial Regulation held by Institut Francophone de la Regulation Financiere IFREFI in Bucharest, Romania. The CMA was represented by the Executive Board Member Mr. Sami Saliba and Head of the Legal Affairs Department Mrs. Caline Aoun Maaraoui.

The meeting resulted in having the Lebanese Capital Markets Authority, represented by Mr. Saliba, elected as president of the IFREFI for the years 2018-2019. Mr. Saliba stated after the appointment that his next visit to Romania will be to sign an agreement of bilateral support between the Romanian Supervisory Authority and the Lebanese Capital Markets Authority, which he hopes would act as a prelude to having all members of the IFREFI sign a technical assistance Memorandum of Understanding together.

#### **CMA Participates in 43rd Annual IOSCO Conference**

May 7, 2018

Budapest, Hungary

The 43rd Annual IOSCO conference, attended by CMA Vice Chairman Mr. Firas Safieddine and Executive Board Member Mr. Sami Saliba, brought together IOSCO member states and working committees to discuss the different frameworks used by regulatory bodies to communicate and reach out to investors in their jurisdictions. The conference focused on the means of communications used and the methods to evaluate the efficiency and effectiveness of such communication tools in each market, and its ability to help in proper enforcement of regulations in any jurisdiction.

The delegates at the conference also discussed the framework utilized in national and international communication campaigns, in addition to discussing the role of technology in money markets and foreign exchange markets and the importance of developing comprehensive information exchange systems among IOSCO Members.

#### **CMA Attends 10th IFIE-IOSCO International Investor Education Conference**

April 9, 2018

Tokyo, Japan

The Capital Markets Authority participated in the 10th Annual joint Conference hosted by the Japanese Dealers Association in collaboration with the International Forum for Investor Education (IFIE) and the International Organization of Securities Commissions (IOSCO). The conference titled “Building Lifelong Financial Resiliency in a Changing Environment” builds on the objectives of the CMA and its continuous role in educating investors and enhancing their confidence when it comes to accessing and trading in capital markets. On behalf of the CMA, Vice Chairman Mr. Firas Safieddine and the Director of Communications and Research Department Mr. Tarek Zebian attended the event and participated in several side meetings, including meetings with IOSCO President Mr. Paul Andrews and Executive Director of the Global Forum for Investor Education Mrs. Catherine Edminson. The meetings concluded with





the adoption of the World Investor Week Investor Education forum by the CMA for the first time in Lebanon, in order to raise more awareness about the importance of investor education for the development of better functioning markets.

**CMA Participates in the Lebanese American Chamber of Commerce Delegation to Silicon Valley**

June 4, 2018  
California, United States of America

The Lebanese American Chamber of Commerce ‘AmCham’ organized with the participation of twenty members active in the Lebanese digital economy, a set of meetings in San Francisco as part of a delegation to meet with successful Lebanese entrepreneurs in Silicon Valley and follow up on the latest tech developments at global tech giants. Vice Chairman of the CMA Mr. Firas Safieddine, drew attention to the importance of understanding the potential Lebanese people possess and how this should allow them to succeed in their home country just as they succeed and thrive abroad, adding that this requires the updating of laws and legislations, to improve the environment of doing business in Lebanon. Mr. Safieddine also noted that Banque du Liban was the first to propose the issuance of a digital currency, pointing out that this is the first step to digitize the Lebanese economy, a step that should be completed in parallel with the issuance of legislations that enable Lebanese companies to transfer into the digital sphere. After attending a two-day workshop hosted by “Frog Design” a company specialized in design thinking, the delegation held several roundtable discussion panels with leading figures from companies like Ventures Accelerated Digital, Tech Crunch, Pantira Capital, Corporate Innovation company, and Qatalyst Partners.

**World Exchange Congress 2018**

February 27, 2018  
Muscat, Oman

In February 2018, a delegation from CMA attended the World Exchange Congress 2018 in Muscat, Oman, whereby the CMA announced that the Capital Markets Authority will be hosting the 14th Annual World Exchange Congress 2019 in Beirut Lebanon during the month of February.

**Memoranda of Understanding**

In an effort to strengthen and develop the Lebanese Capital Markets, the CMA constantly strives to conclude strategic international agreements with its counterparts around the world, in order to ensure it can play a pivotal and constructive role related to international oversight and supervisory efforts, and to exchange technical assistance with leading global counterparts.

**MoU with the Republic of Cyprus Securities and Exchange Commission**

August 28, 2019

The Capital Markets Authority signed a memorandum of understanding with the Cyprus Securities and Exchange Commission on August 28, 2018. This MOU aims at setting a common framework for mutual technical assistance and exchange of information in a bid to protect investors in both countries. According to the memo, the authorities in both Cyprus and Lebanon shall provide each other with mutual assistance in matters that are within the competence of their jurisdictions in accordance with legislation at each of the signatories’ countries.

	Date	Country	Authority
1	05/05/2014	France	Autorite des Marches Financiers
2	25/11/2014	Arab Republic of Egypt	Financial Supervisory Authority
3	15/12/2014	Qatar	Qatar Financial Center Regulatory Authority
4	01/06/2015	Tunisia	Conseil du Marche Financier
5	01/12/2015	United Arab Emirates	Financial Services Authority
6	29/2/2016	United Arab Emirates	Securities and Commodities Authority
7	20/05/2016	Germany	Federal Financial Supervisory Authority
8	24/01/2017	Federation of Russia	Central Bank of Russia
9	07/03/2017	Sultanate of Oman	Capital Markets Authority
10	13/06/2017	Republic of Lebanon	Insurance Control Commission
11	19/09/2017	United Arab Emirates	Dubai Authority of Financial Services
12	28/08/2018	Republic of Cyprus	Republic of Cyprus Securities and Exchange Commission

## The Honoring of H.E. Chairman of the Capital Markets Authority

## JPMorgan Honors Salamé's Remarkable Quarter Century Legacy at the Helm of BDL

June 2, 2018

U.S. bank JPMorgan honored Chairman of the CMA and Central Bank Governor Riad Salamé on the 25th anniversary of his appointment as Governor of Banque du Liban. The event was attended by JPMorgan Europe Chairman Mark Garvin, U.S. Ambassador to Lebanon Elizabeth Richards and a number of leading Lebanese and international financial professionals.

Mark Garvin, JP Morgan Europe Chairman, praised Governor Salamé's prominent role in gaining the confidence of international correspondent banks that are working with counterparts in the Lebanese banking sector. In his honorary acceptance speech, Governor Salamé stressed that the banking sector, BDL and all financial regulatory bodies in Lebanon are fully compliant with the rules and regulations of the international banking system.

## Liban Post Launches a Postcard in Honor of CMA Chairman, Governor of BDL

28 June 2018

Liban Post held an honorary ceremony for the Governor of the Banque du Liban Mr. Riad Salamé under the patronage of Prime Minister Mr. Saad Hariri and in the presence of a number of ambassadors and experts in the financial sector.

The ceremony included several speeches praising the efforts of the Governor and his contribution to the stability of the Lebanese Lira, inspiring the economy and encouraging investors.

## CMA Chairman Selected Amongst Best Central Bank Governors in the World for the Third Time

September 12, 2018

CMA Chairman and Governor of Banque du Liban Mr. Riad Salamé received the 2018 Global Finance report 'A classification' choosing him amongst the top Global Central Bank Governors for the third time. Chairman Salamé was previously awarded this rating in 2011 and 2017.



## Capital Markets Authority Budget 2018

At the level of the Authority's budget, the CMA's expenses in 2018 amounted to LBP 12.5 billion. The largest part of such expenses, around 91% of the gross total, are related to current expenditures mainly staff wages and salaries.

The 2018 end of year accounts were audited by Deloitte & Touche in accordance to international accounting standards. It has concluded that all financial statements present a fair result in regards the financial position of the CMA.

2018 budget (Million LBP)

[illegible]



The background of the slide is a blurred photograph of a group of people, likely in a professional setting such as a meeting or conference. The image is out of focus, showing silhouettes and soft colors of people standing and interacting. A semi-transparent dark teal horizontal bar is positioned across the middle of the slide, serving as a backdrop for the chapter title.

# CHAPTER 3

## Performance of Capital Markets in Lebanon

# Chapter 3

## Performance of Capital Markets in Lebanon

### Beirut Stock Exchange

Figure (1)

NAME OF LISTED COMPANIES	Non Financial	Financial
	SOLIDERE	BLC BANK
	RASAMNY YOUNIS MOTOR COMPANY	BANK AUDI
	HOLCIM (LIBAN)	BANK OF BEIRUT
	S.L. DES CEMENTS BLANCS	BYBLOS BANK
		BANQUE BEMO
		BLOM BANK
TOTAL	4	6

There are 10 listed companies on the Beirut Stock Exchange as shown in Figure (1) above, alongside other securities traded on the exchange. The market value of Beirut Stock Exchange decreased by 15.59% at the end of 2018, thus amounting to a total market capitalization of US\$ 9.6 billion compared to US\$ 11.4 billion at the end of 2017.

In 2018, two preferred shares were de-listed: Bank Audi Preferred shares “G”, BLC Bank Preferred shares “B” and one share was listed: BLC Bank Preferred shares “H”.

Figure (2)

Historical Average Market Value Weighted Index 2015 - 2018



Historical Average Banks Value Weighted Index 2015 - 2018

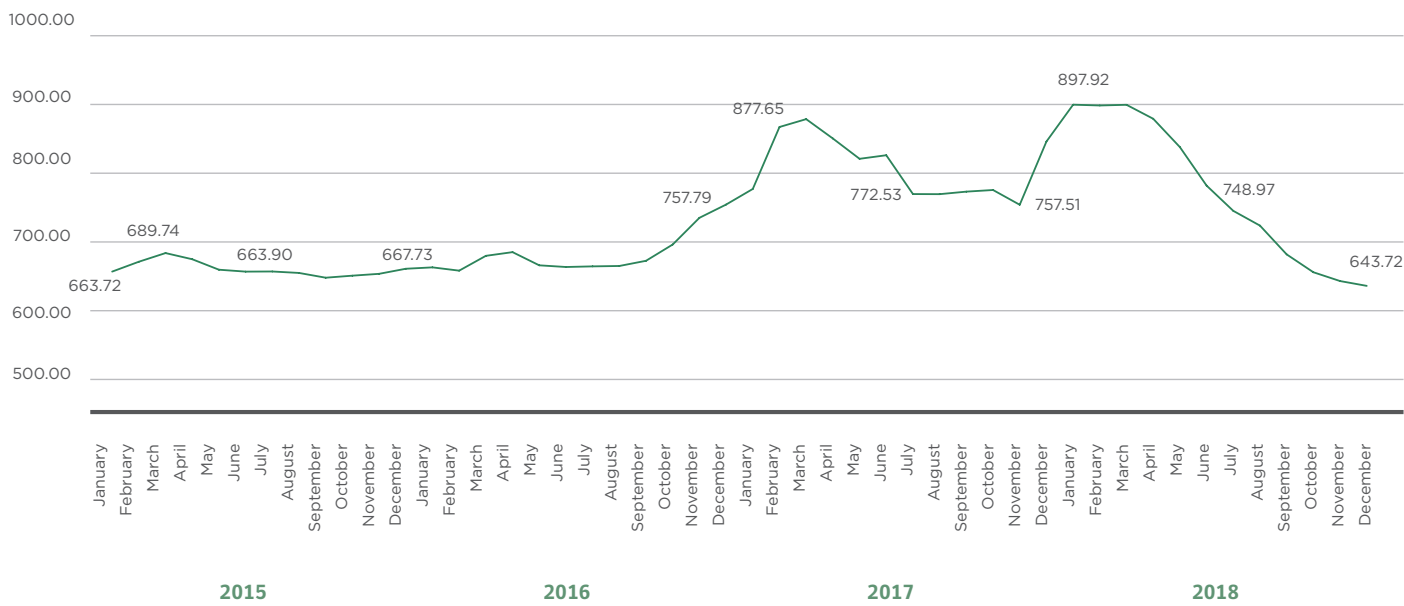


Figure (2) shows the Average Market Value Weighted Index (MVWI) for shares listed on the Beirut Stock Exchange, alongside the Average Banks Value Weighted Index (BVWI) for banks listed on the Beirut Stock Exchange for 2015-2018. The Average Market Value Weighted Index shows a decrease of 25.65% in December 2018 given that it

closed at the average of 68.43 points compared to 92.03 points December 2017.

As for the BVWI, it showed a decrease in December 2018 by 23.93% and closed at the average of 643.72 points compared to 846.19 points in December 2017.



Figure (3)

▼ MARKET SUMMARY REPORT	2015	2016	2017	2018
Number of Transactions	9,745	10,939	10,759	8,790
Volume Traded	74,774,129	119,745,228	85,919,093	89,879,701
Value Traded (Turnover) (\$)	629,973,104	963,814,191	741,753,014	632,842,372
Average Value Per Working Day (\$)	2,592,482	3,982,703	3,116,609	2,681,535
Average Volume Per Working Day	307,712	494,815	361,005	380,846
Value / Volume	8.43	8.00	8.63	7.04
Number of Trading days	243	242	238	236
▼ MARKET LIQUIDITY	2015	2016	2017	2018
Turnover Ratio =YTD Value Traded / Average Market Cap.	5.54%	8.57%	6.35%	5.98%
Percentage of The Free Float	92.74%	100.07%	99.37%	99.28%
▼ MARKET SIZE	2015	2016	2017	2018
Total Number Of Listed Securities	30	30	29	28
Total Number Of Listed Firms	10	10	10	10
Average Free Float Market Cap. in Current Year ( M of \$)	11,365	11,248	11,672	10,588

Figure (3) provides a summary of the trading activity of Beirut Stock Exchange as it shows a decrease in the traded volume in 2018 by 4.61% in comparison to 2017. The total number of traded shares was 85,919,093 at the end of 2018 compared to 89,879,701 shares at the end of 2017.

As for the value of traded shares, it decreased by 14.68 % at the end of December 2018 and reached US\$ 633 million compared to US\$ 742 million at the date of the closing of trading in 2017.

Total number of transactions in 2018 were 8,790 compared to 10,759 transactions at the end of 2017, i.e. a decrease of almost 18.30%.

**Structured Products & Other Financial Instruments**

With regards to financial instruments, 2018 recorded twenty (20) approvals for marketing new structured products, thus increasing the total number of structured products licensed by the CMA since its establishment to 44.

The total number of subscribers in Structured Products was 7,716 subscribers with a total subscription value of US\$ 1,482,612,52 by the end 2018.

As for the other financial instruments (OFI) being marketed in Lebanon, among them financial instruments previously licensed by Banque Du Liban, the total subscription value amounted to US\$ 3,051,920,690 with a total of 9,870 subscribers.

	NUMBER OF TOTAL SUBSCRIBERS	VALUE OF TOTAL SUBSCRIPTIONS
Structured Products	7,716	US\$ 1,482,612,528
Other Financial Instruments (OFI)	9,870	US\$ 3,051,920,690
<b>Total</b>	<b>17,586</b>	<b>US\$ 4,534,533,218</b>



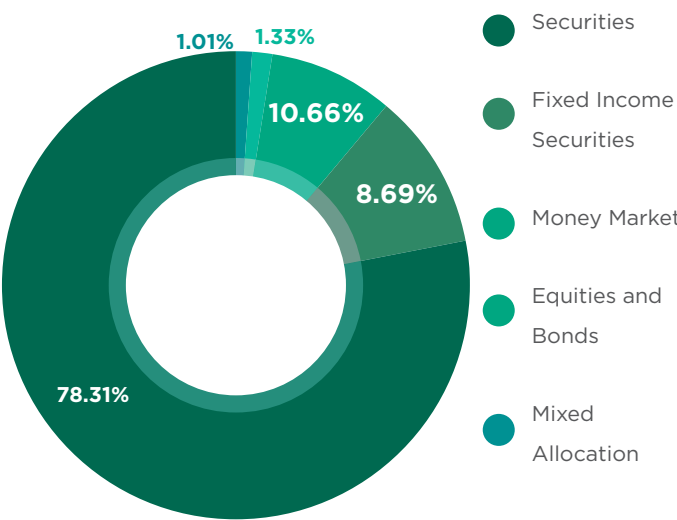
DOMESTIC COLLECTIVE INVESTMENT SCHEMES

Figure (4)

DOMESTIC COLLECTIVE INVESTMENT SCHEMES 2018	
Total Number Of CIS Funds	20
Total Number Of Subscribers	4,551
Total Subscriptions (\$)	\$ 531,656,526.85
Open-Ended	20
CURRENCY	
USD	13
LBP	6
EUR	1
TYPE OF INVESTMENT*	
Securities	8
Fixed Income Securities	6
Money Market	3
Equities and Bonds	2
Mixed Allocation	1
GEOGRAPHICAL ZONE	
Middle East	13
International	3
Lebanon	3
USA	1
TYPE OF INSTITUTION	
Banks	11
Financial Institutions / Financial Intermediation Institutions	9

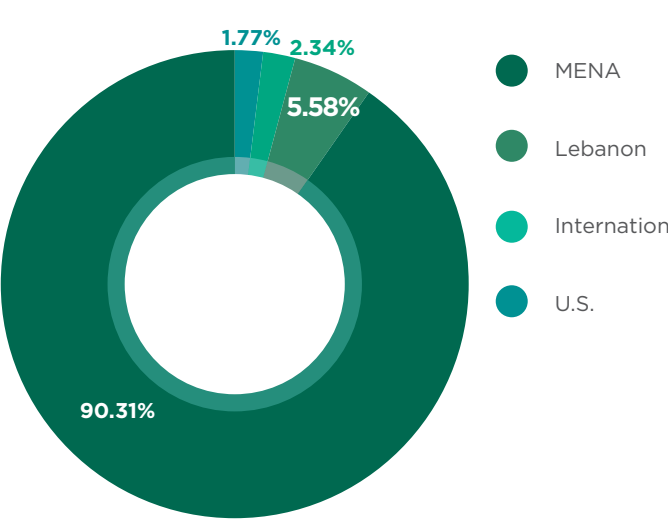
Figure (4) shows that 20 Domestic Collective Investment Schemes (CIS) were traded in Lebanon in 2018, with total subscriptions of US\$ 531 million. 90.31% of the Domestic CIS are based on investments in the Middle East, followed by 5.58% in Lebanon.

Type of Investment



Of the Domestic CIS Funds, 78.31% of the value of subscriptions is focused primarily on Securities and 10.66% on Money Markets. The total value of subscriptions decreased by 32.78% to reach US\$ 531.66 million compared to US\$ 790.98 million in 2017.

Geographical Zone



\* The Category Classification is based upon transparent rules-based methodologies set by Morningstar (www.morningstar.com). Morningstar Inc. is a global financial services firm that provides an array of investment-research and investment-management services.

DISTRIBUTION OF DOMESTIC CIS FUNDS

	2017	2018
Banks	11	11
Financial Institutions/Intermediation Institutions	12	9
Grand Total	23	20

YoY COMPARISON OF DOMESTIC CIS FUNDS 2018-2017

NUMBER OF SUBSCRIBERS	VALUE OF SUBSCRIPTIONS
Decreased by 871 Subscribers -16.06%	Decreased by \$259.32 million -32.78%

DOMESTIC CIS

2018

TYPE	NUMBER OF FUNDS	SUBSCRIBERS	%	MILLION USD	%
Securities	8	4,216	92.64%	416.32	78.31%
Money Market	3	26	0.57%	56.70	10.66%
Fixed Income Securities	6	279	6.13%	46.19	8.69%
Equities and Bonds	2	15	0.33%	7.08	1.33%
Mixed Allocation	1	15	0.33%	5.38	1.01%
Grand Total	20	4,551	100%	\$531.66	100%

2017

TYPE	NUMBER OF FUNDS	SUBSCRIBERS	%	MILLION USD	%
Securities	11	5,080	93.69%	592.33	74.89%
Money Market	3	32	0.59%	135.83	17.17%
Fixed Income Securities	6	276	5.09%	50.85	6.43%
Equities and Bonds	2	20	0.37%	7.48	0.95%
Mixed Allocation	1	14	0.26%	4.48	0.57%
Grand Total	23	5,422	100%	\$790.98	100%



FOREIGN COLLECTIVE INVESTMENT SCHEMES

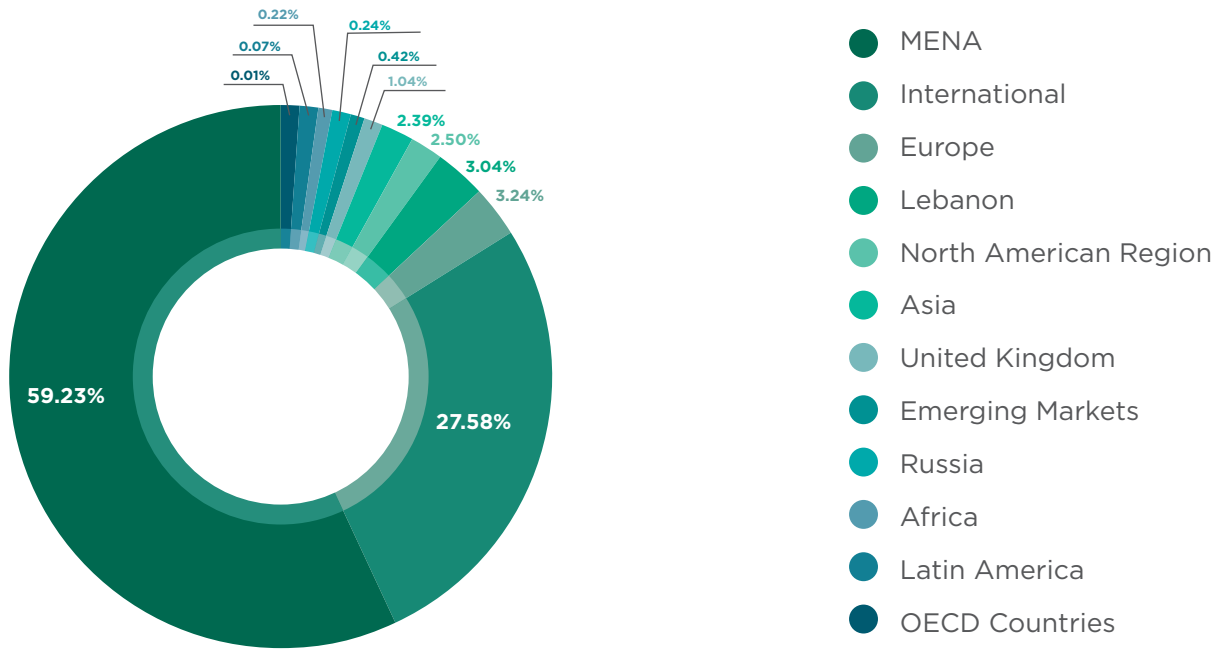
Figure (5)

FOREIGN COLLECTIVE INVESTMENT SCHEMES 2018	
Total Number of CIS Funds	631
Total Number of Subscribers	3,531
Total Subscriptions (\$)	\$ 788,443,370.28
Open-Ended	603
Close-Ended	17
Hedge Fund	11
CURRENCY	
USD	432
EUR	160
GBP	18
CHF	14
JPY	5
LBP	1
SAR	1
TYPE OF INVESTMENT*	
Equities	333
Fixed Income Securities	106
Mutual Funds	68
Mixed Allocation	41
Alternative	24
Hedge Fund	19
Private Equity	17
Bonds	9
Securities	8
Metals	2
Diversified	2
Money Market	1
Commodity	1
GEOGRAPHICAL ZONE	
International	328
Europe	120
Asia	68
North American Region	63
MENA	13
United Kingdom	10
Emerging Markets	9
Russia	8
Latin America	7
OECD Countries	3
Lebanon	1
Africa	1
TYPE OF INSTITUTION	
Banks	503
Financial Institutions / Financial Intermediation Institutions	128

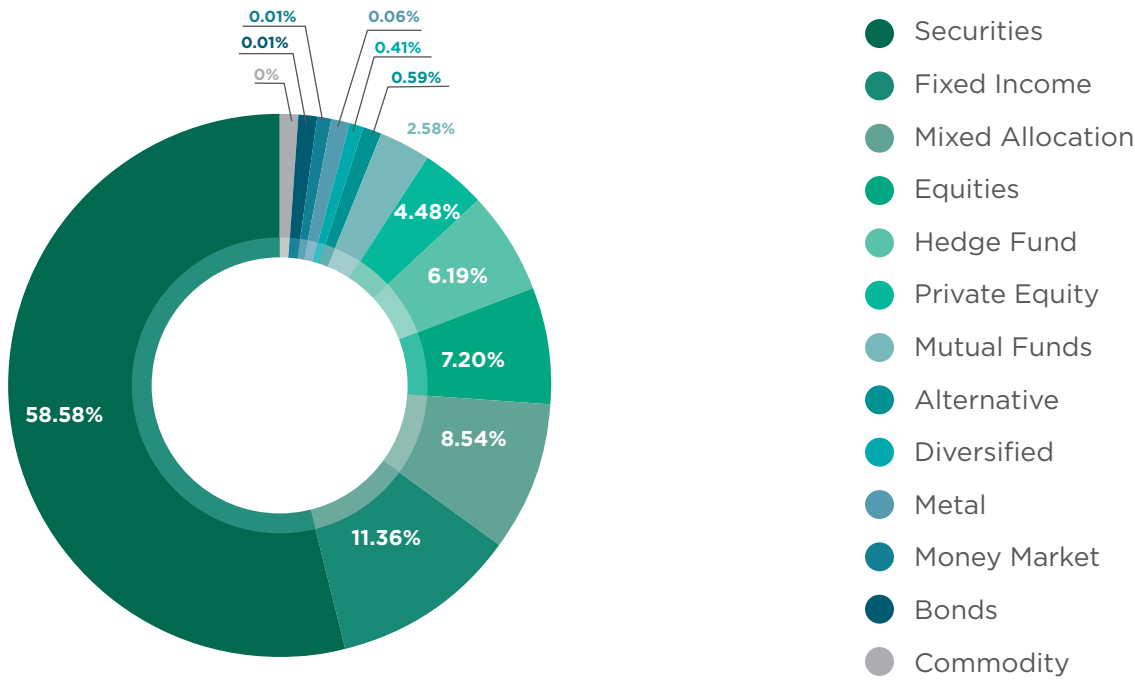
Figure (5) shows that the total number of Foreign Collective Investment Schemes reached 631, increasing by around 25.20% in 2017, with a drop of approximately 12.39% in the value of subscriptions to reach US\$ 788.44 million compared to US\$ 899.96 million in 2017.

Of the Foreign CIS Funds, 58.58% of the total subscriptions of foreign CIS Funds were concentrated in Securities, and 11.36% in Fixed Income Securities. Subscribers in Foreign Investment Schemes preferred to invest primarily in the MENA Region (59.23%) followed by the International Geographical zone (27.58%).

Geographical Zone



Type of Investment



DISTRIBUTION OF FOREIGN CIS FUNDS

	2017	2018	YOY PERCENTAGE CHANGE 2017-2018
Banks	400	503	25.75%
Financial Institutions / Intermediation Institutions	104	128	23%
<b>Total</b>	<b>504</b>	<b>631</b>	<b>25.20%</b>

YoY COMPARISON OF DOMESTIC CIS FUNDS 2018-2017

NUMBER OF FOREIGN CIS	NUMBER OF SUBSCRIBERS	VALUE OF SUBSCRIPTIONS
Increased by 127 Funds	Decreased by 226 Subscribers	Decreased by \$111.52 million
25.20%	-6.02%	-12.39%



FOREIGN CIS FUNDS

2018

TYPE	NUMBER OF FUNDS	SUBSCRIBERS	%	MILLION USD	%
Securities	8	1120	31.72%	461.86	58.58%
Fixed Income Securities	106	382	10.82%	89.54	11.36%
Mixed Allocation	41	289	8.18%	67.31	8.54%
Equities	333	983	27.84%	56.74	7.20%
Hedge Fund	19	404	11.44%	48.83	6.19%
Private Equity	17	121	3.43%	35.33	4.48%
Mutual Funds	68	154	4.36%	20.33	2.58%
Alternative	24	27	0.76%	4.68	0.59%
Diversified	2	38	1.08%	3.25	0.41%
Metals	2	2	0.06%	0.44	0.06%
Money Market	1	1	0.03%	0.10	0.01%
Bonds	9	9	0.25%	0.05	0.01%
Commodity	1	1	0.03%	0.00	0.00%
<b>Grand Total</b>	<b>631</b>	<b>3,531</b>	<b>100%</b>	<b>\$788.44</b>	<b>100%</b>

2017

TYPE	NUMBER OF FUNDS	SUBSCRIBERS	%	MILLION USD	%
Securities	27	1366	36.36%	584.06	64.90%
Fixed Income	113	494	13.15%	100.05	11.12%
Hedge Fund	6	489	13.02%	82.55	9.17%
Mixed Allocation	34	315	8.38%	69.15	7.68%
Equities	293	999	26.59%	45.56	5.06%
Alternative	16	28	0.75%	13.77	1.53%
Diversified	4	40	1.06%	3.22	0.36%
Specialty	3	12	0.32%	0.63	0.07%
Metals	2	2	0.05%	0.46	0.05%
Index	2	7	0.19%	0.28	0.03%
Money Market	1	1	0.03%	0.09	0.01%
Debt	1	2	0.05%	0.07	0.01%
Commodity	1	1	0.03%	0.04	0.00%
Fund of Hedge Funds	1	1	0.03%	0.02	0.00%
<b>Grand Total</b>	<b>504</b>	<b>3,757</b>	<b>100%</b>	<b>\$899.96</b>	<b>100%</b>





# CHAPTER 4

**Outlook for 2019**



## Chapter 4

### Outlook for 2019

The Capital Markets Authority, under the leadership of its Chairman, Governor of the Banque du Liban Mr. Riad Salamé, had seen remarkable developments in performance year after year which have positioned the CMA as one of the leading regulators in Lebanon, mandated with investor protection and market development.

In 2019, the CMA will finalize the bidding process to license the Electronic Trading Platform and accordingly choose a winning consortium as per to the criteria set forth in the Request for Proposal issued in December 2018. The platform, which will be granted a license for a duration of 10 years, will allow for equity listings, corporate debt securities, and trading in a number of new financial instruments including currencies and precious metals. To ensure its success, the Electronic Trading Platform will be open to international investors and Lebanese Diaspora interested to own and trade in Lebanese securities.

This development is in line with the development plans that the Capital Markets Authority has been working on since its inception. In this regard, the CMA will be extending its cooperation with specialists from the World Bank to officially launch the “Capital Markets Development Plan”, taking into consideration the requirements of all relevant stakeholders. The plan, which the CMA will be adopting in full, depends on the active involvement of the private sector in Lebanon, with a special focus on Small and Medium enterprises in order to stimulate and develop the Lebanese financial markets and grow the national economy.

With the publication of the Licensing and Registration implementing regulation in 2017, the CMA has continued the effort to Register all individuals active in Securities business in Lebanon. It will also continue to ensure that all Approved institutions that deal in securities business are fully compliant with the CMA's regulations and procedures.

On the Regional and International levels, and as per its strategic vision, the Capital Markets authority will build on its established relationships with its international counterparties in order to achieve its regulatory and supervisory objectives and

insure the protection of the Lebanese investor. In this context, the CMA will continue to work with IOSCO in order to sign the enhanced Multilateral Memorandum of Understanding (eMMoU) which will further enrich the Authority's scope of cooperation and technical capabilities by having a larger pool of counterparties to work with.

Investor protection, education and awareness remain a key objective of CMA. The Authority will continue to promote a culture of equity and transparency based on international best practices in Lebanese capital markets. This will boost investor confidence and increase demand for Lebanese securities.

To achieve this, the CMA aims to further develop the “World Investor Week” platform in cooperation with IOSCO. The event which was launched for the first time in Lebanon last year, aims to shed light on all investor education and awareness programs and activities conducted by (educational, social or financial) institutions to empower the notions of investor protection in Lebanon, and to encourage savings in the Lebanese capital markets.

In 2019, the CMA will be hosting the 14th Annual World Exchange Congress in Lebanon. The event which brings together more than 60 global exchanges from more than 48 countries, is an international platform for major international players in the field of Capital markets and specialists in digital technology to discuss the latest global trends in financial markets. Hosting this first of a kind event in Lebanon, will be an important international milestone for the CMA, portraying its position among leading securities regulators in its field.

Despite the challenges, the Capital Markets Authority will not spare an effort to implement its mandate to grow and develop the capital markets. It will ensure that the regulatory and operational frameworks it applies will nurture the right environment to warrant robust and liquid financial markets in Lebanon, ensure fair and transparent market structures, and build an investor base that is duly protected from any misconduct.







# CHAPTER 5

The Capital Markets Authority,  
Who We Are.



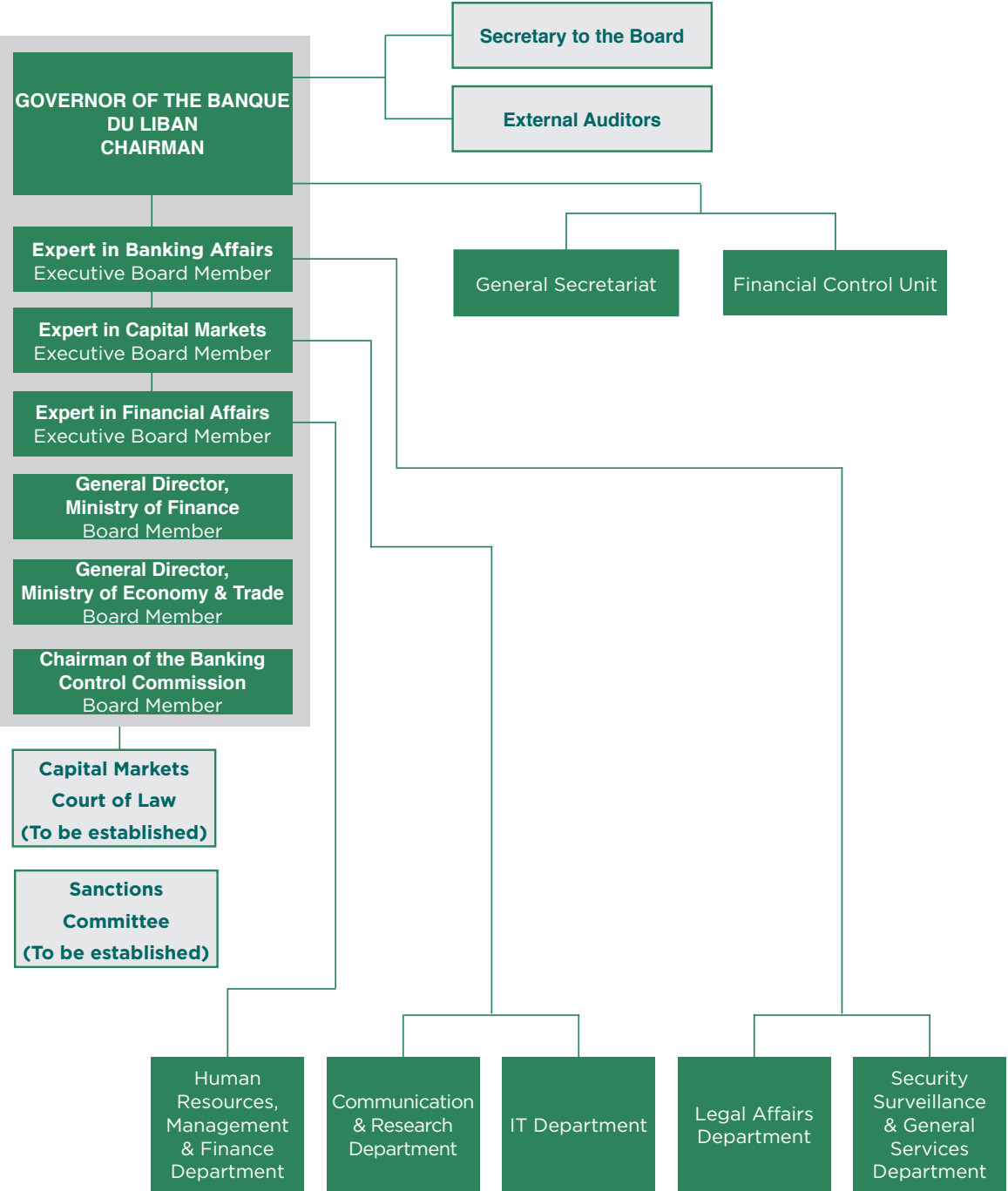
# Chapter 5

## The Capital Markets Authority, Who We Are.

### Organizational Structure

The Capital Markets Authority organization comprises three units: the Financial Control Unit, the General Secretariat, and the Sanctions Committee;

in addition to the Departments of Legal Affairs, Human Resources and Administration, the IT Department, the Communications and Research Department, and the Security and Services Department.



### Chairman and Executive Board Members

The management of the Capital Markets Authority is entrusted to a Board formed of seven members and chaired by the BDL Governor. The Board comprises three full-time members experts in banking and financial affairs, and three part-time members representing ministries and departments directly involved in the work of the CMA: the Director General of the Ministry of Finance, the Director General of the Ministry of Economy and Trade and the Chairman of the Banking Control Commission. The Board has extensive powers that may enhance investor protection and promote investment in the financial markets. It has the power to establish general regulations concerning the establishment and management of stock exchanges, the regulations concerning the establishment and functioning of financial intermediation institutions which manage investment funds for the public. It also sets the code of conduct to be followed by stock exchanges and their users, as well as by financial service providers and their users. The Board of Directors has the power to establish regulations related to transparency and governance, and that encompass, but are not limited to, the obligations to publish and disclose to the public all information that could affect, either directly or indirectly, the prices of financial instruments. In the same context, the Board has the power to license the establishment and functioning of financial intermediation institutions, and securitization; ratify (or cancel previous ratification of) the decisions taken by the administration of each stock exchange concerning the registration of securities and financial instruments; and approve the regulations set by the administrations of stock exchanges concerning the transactions undertaken on such stock exchanges. At the advising level, the Board of Directors gives its opinion in the draft laws and decrees related to the work and development of the capital markets, as per Law No 161.

### General Secretariat

The role of the General Secretariat is to facilitate communication and work between the CMA's units and departments, and to follow up on the implementation of the decisions taken by the Board. It can also suggest to the Board reasons to initiate investigations and conduct surveys regarding violations of the provisions of Law No 161 or the provisions contained in the general regulations, or instructions issued by the Board, by virtue of the

said law. The General Secretariat shall also transmit all complaints to the Board, while communicating to the Board the decisions taken by the Sanction Committee, and notify these decisions to the concerned parties. It shall submit all the reports issued by the Authority to the Board and ensure that its regulatory decisions and general directives or instructions are published. The Secretariat shall also suggest to the Board the establishment or amendment of the provisions and regulations relating to capital markets.

### Financial Control Unit

The Financial Control Unit (FCU) monitors that the approved institutions are abiding by the set regulations, decisions and instructions, and that the trading conditions provided for by the law are applied. The Financial Control Unit may request from the external auditors of the concerned institutions, or from independent experts, to further audit and analyze the operations of approved institutions, and to perform compliance investigations and collect evidence for detecting violations detrimental to the functions of a sound capital market. The FCU ensures that the companies and institutions whose securities and financial instruments are traded on stock exchanges follow the procedures stipulated in applicable laws and regulations. It also verifies the accuracy and validity of disclosed information by approved institutions and listed companies. The Financial control unit may require that companies provide additional information, and make amendments deemed necessary to the information published, if it finds that the information published is incomplete or inaccurate.

### The Sanctions Committee

The Sanction Committee is expected to be formed in the near future so that the CMA can take necessary measures against anyone who violates the laws and regulations that govern the functioning of CMA. The Sanction Committee shall examine violations transmitted by the Board, and take the necessary decisions. It shall have the authority to impose administrative sanctions and monetary penalties on all parties, entities and natural persons who deal with financial instruments and services.



### Parties Subject To The Supervision And Control Of The CMA

- Licensed individuals
- Companies listed on the Lebanese Stock Exchange
- Lebanese stock exchanges or institutions whose objective is to manage and conduct the business of stock exchanges, provided such institutions are established as Lebanese joint-stock companies
- Financial companies or licensed institutions and bodies including:
  - Collective investment schemes dealing in securities and other financial instruments
  - Investment schemes in securitization operations
  - Islamic investment and securitization schemes
  - Financial consultants and all other institutions providing services related to financial instruments
  - Financial Rating Agencies

### Financial Instruments And Services Subject To The Supervision And Control Of the CMA

- Stocks, bonds or shares issued by a public or private company or entity.
- Debenture bonds, stocks, bonds, certificates of deposit, depositary receipts or treasury bills and bonds.
- Financial rights, options, futures, and all derivatives or structured financial products.
  - Investment and Securities Brokerage services
  - Portfolio Management and Book Keeping
  - Securities Custody
  - Underwriter
  - Underwriting process

